

OMB APPROVAL	
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>THOMAS ROBERT S</u> (Last) (First) (Middle) <u>C/O CHARLES & COLVARD, LTD.</u> <u>300 PERIMETER PARK DR, STE A</u> (Street) <u>MORRISVILLE NC 27560</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>CHARLES & COLVARD LTD [CTHR]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Pres & Chief Exec Officer</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>02/06/2006</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
common stock	02/06/2006		M		13,977	A	\$2.05	1,445,100 ⁽³⁾	D	
common stock	02/06/2006		M		3,533	A	\$6.19	1,448,633	D	
common stock	02/06/2006		M		511	A	\$1.974	1,449,144	D	

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
stock option (right to buy)	\$2.05 ⁽¹⁾	02/06/2006		M			13,977 ⁽²⁾	11/11/1997	11/10/2006	common stock	13,977	\$0	0	D	
stock option (right to buy)	\$6.19 ⁽¹⁾	02/06/2006		M			3,533 ⁽²⁾	11/22/1999 ⁽⁴⁾	11/21/2008	common stock	3,533	\$0	22,715	D	
stock option (right to buy)	\$1.974 ⁽¹⁾	02/06/2006		M			511 ⁽²⁾	02/27/2002	02/26/2012	common stock	511	\$0	50,675	D	

Explanation of Responses:

- Price of stock option adjusted 5% for 2005 stock dividend and 25% for 2006 stock dividend.
- Number of stock options adjusted 5% for 2005 stock dividend and 25% for 2006 stock dividend.
- Number of shares owned adjusted 5% for 2005 stock dividend and 25% for 2006 stock dividend.
- These options vest and became exercisable in two installments: 75% on 11/22/98 and 25% on 11/22/99

Robert S. Thomas

02/07/2006

** Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.